

**REGION V HAZARDOUS MATERIALS
RESPONSE COMMISSION
FORT DODGE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2009**

CONTENTS

OFFICIALS		1
INDEPENDENT AUDITOR'S REPORT		2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)		4-7
BASIC FINANCIAL STATEMENTS	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Assets – Modified Cash Basis	A	8
Statement of Activities – Modified Cash Basis	B	9
Governmental Fund Financial Statements:		
Statement of Net Assets – Cash Basis	C	10
Reconciliation of Net Assets – Cash Basis		
to the Statement of Net Assets – Modified Cash Basis	D	11
Statement of Cash Receipts, Disbursements, and		
Changes in Net Assets – Cash Basis	E	12
Reconciliation of the Statement of Cash Receipts,		
Disbursements and Changes in Net Assets – Cash Basis		
to the Statement of Activities – Modified Cash Basis	F	13
Notes to Financial Statements		14-18
Independent Auditor's Report		
on Internal Control over Financial Reporting		
and on Compliance and Other Matters Based on an		
Audit of Financial Statements Performed in		
Accordance with Government Auditing Standards		19-20
Schedule of Findings		21-22

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

Fort Dodge, Iowa

OFFICIALS

<i>NAME</i>	<i>TITLE</i>
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Board of Directors

Stan Watne	Chairman
Scott Jacobs	Member
Dan Nieland	Member
Jerry Roberts	Member
David Young	Member
Harlan Hansen	Member
Wilbur Ekstrand	Member
Jack Bensley	Member
Eddie Peterson	Member
Tony Jorgensen	Member
Curt Olson	Member



SCHNURR & COMPANY, LLP

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Region V Hazardous Materials
Response Commission:

We have audited the accompanying financial statements of the governmental activities and each major fund of Region V Hazardous Materials Response Commission as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, the government-wide financial statements are prepared on the modified cash basis of accounting and the government funds financial statements are prepared on the cash basis of accounting. Both of the accounting methods are other comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis and cash basis financial position of Region V Hazardous Material Response Commission as of and for the year ended June 30, 2009 and the changes in modified cash basis and cash basis financial position for the year ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 8, 2010, on our consideration of Region V Hazardous Materials Response Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 4 through 7 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Schnurr & Company, LLP

Fort Dodge, Iowa
January 8, 2010

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Region V Hazardous Materials Response Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of Region V Hazardous Materials response Commission's governmental activities increased 9.3%, or approximately \$18,000, from fiscal 2008 to fiscal 2009.
- Expenses decreased 10.3%, or approximately \$27,000, from fiscal 2008 to fiscal 2009.
- Region V Hazardous Materials Response Commission's total modified cash basis net assets decreased 11.1% or, \$21,744, from June 30, 2008 to June 30, 2009.
- Revenue increased as a result of the timing of grant reimbursements and increased incident reimbursements.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Region V Hazardous Materials Response Commission's financial activities.

The Government-wide Financial Statements consist of a statement of a Statement of Activities and Net Assets. This statement provides information about the activities of Region V Hazardous Materials Response Commission as a whole and presents an overall view of Region V Hazardous Materials Response Commission's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Region V Hazardous Materials Response Commission's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIS OF ACCOUNTING

Region V Hazardous Materials Response Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of Region V Hazardous Materials Response Commission are prepared on that basis for the fund financial statement. The government-wide financial statements are prepared on the modified cash basis of accounting. Neither the cash basis or modified cash basis of accounting give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present the financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash or modified accrual basis of accounting.

REPORTING THE REGION'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about Region V Hazardous Materials Response Commission's finances is, "Is Region V Hazardous Materials Response Commission as a whole better or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information that helps answer this question.

The Statement of Activities and Net Assets presents Region V Hazardous materials Response Commission's net assets. Over time, increases or decreases in Region V Hazardous Material Response Commission's net assets may serve as a useful indicator of whether the financial positions of Region V Hazardous Materials Response Commission is improving or deteriorating.

The Statement of Activities and Net Assets activity:

- Region V Hazardous Materials Response Commission Activities include public information, first responder Hazmat training and planning in each of the Region's nine counties and emergency response capabilities. State and federal grants finance most of these activities.

Fund Financial Statement

- Region V Hazardous Materials Response Commission has one kind of fund:
 - 1) Governmental funds account for most of Region V Hazardous Materials Response Commission's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include:
 - 1) the General Fund and 2) the Special Revenue Funds, such as grant funds.

The governmental fund financial statements provide a detailed, short-term view of Region V Hazardous Materials Response Commission's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Region's programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE REGION'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statement (Continued)

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENTAL FUND FINANCIAL ANALYSIS

Region V Hazardous Materials Response Commission's cash balance for governmental activities increased from a year ago, from \$82,432 to \$106,692. The analysis that follows focuses on the changes in cash balances for governmental activities.

**Statement of Cash Receipts, Disbursements and
Changes in Net Assets - Cash Basis
As of and for the Year Ended June 30, 2009**

Receipts:	
County contributions	\$ 144,481
Federal grants	34,057
Interest on income	1,471
Incident reimbursements	27,798
Other income	3,186
Total receipts	210,993
Disbursements:	
Planning grant expense	12,315
Training grant expense	26,604
Administration	56,150
Commission, general	7,285
Office	7,975
Auto/Truck	2,429
Team expense	7,551
Team contract paid to City	42,704
Team, supplies and miscellaneous	17,784
Insurance	5,936
Total disbursements	186,733
Excess of receipts over disbursements	24,260
Cash basis net assets, beginning of year	82,432
Cash basis net assets, end of year	\$ 106,692

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENTAL FUND FINANCIAL ANALYSIS (CONTINUED)

Region V Hazardous Materials Response Commission's total receipts for governmental activities increased by 9.3%, or \$17,901. Region V Hazardous Materials Response Commission's increase in receipts was primarily the result of an increase of grant revenue and spill incident reimbursements.

The cost of Region V Hazardous Materials Response Commission activities this year was \$186,733 compared to \$219,688 last year. The decrease in 2009 costs was due mainly to the payment of a ten-year contract for office and truck housing in the prior year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Region V Hazardous Materials Response Commission completed this year, its funds reported a fund balance of \$106,692, an increase of \$24,260 of last year's total of \$82,432.

CONTACTING THE REGION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Region V Hazardous Materials Response Commission's finances and to the Region V Hazardous Materials Response Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact, Peg Stickrod, Finance Manager, PO Box 1736, Fort Dodge, IA 50501.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

BASIC FINANCIAL STATEMENTS

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

Exhibit A

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
June 30, 2009

Assets	Governmental Activities
Cash	\$ 106,692
Capital assets, net of accumulated depreciation	67,769
Total assets	\$ 174,461
Net Assets	
Invested in capital assets	\$ 67,769
Unrestricted	106,692
Total net assets	\$ 174,461

See Notes to Financial Statements.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

Exhibit B

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended June 30, 2009

		Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Asset Activities
	Expenses	Service		
Functions/Programs:				
Planning grant expense	\$ 12,315	\$ -	\$ 13,427	\$ 1,112
Training grant expense	26,604	-	20,630	(5,974)
Administration	56,150	-	-	(56,150)
Commission, general	7,285	-	-	(7,285)
Office	7,975	-	-	(7,975)
Auto/Truck	2,429	-	-	(2,429)
Team expense	7,551	-	-	(7,551)
Team contract paid to City	42,704	27,798	-	(14,906)
Team supplies and miscellaneous	17,784	3,186	-	(14,598)
Insurance	5,936	-	-	(5,936)
Depreciation	46,004	-	-	(46,004)
Total	232,736	30,984	34,057	(167,696)
General revenues:				
County contributions				144,481
Interest on income				1,471
Total general revenues				145,952
Change in net assets				(21,744)
Net assets beginning of year				196,205
Net assets end of year				\$ 174,461

See Notes to Financial Statements.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

Exhibit C

STATEMENT OF NET ASSETS -- CASH BASIS
June 30, 2009

	General	Special Revenue HMEP Grant	Total
ASSETS			
Cash	\$ 106,692	\$ -	\$ 106,692
Due from special revenue	15,322	-	15,322
Total assets	<u>\$ 122,014</u>	<u>\$ -</u>	<u>\$ 122,014</u>
Due to general	\$ -	\$ 15,322	\$ 15,322
NET ASSETS			
Unreserved	122,014	(15,322)	106,692
Total net assets	<u>\$ 122,014</u>	<u>\$ -</u>	<u>\$ 122,014</u>

See Notes to Financial Statements.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

Exhibit D

RECONCILIATION OF THE STATEMENT OF NET ASSETS -- CASH BASIS
TO THE STATEMENT OF NET ASSETS -- MODIFIED CASH BASIS
June 30, 2009

Total net assets of governmental funds (page 10)	\$	106,692
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*Amount reported for governmental activities in the
Statement of Net Assets are different because:*

Capital assets used in government activities are not financial resources
and, therefore, are not reported as assets in the governmental funds.

67,769

Net assets of governmental activities (page 8)

\$ 174,461

See Notes to Financial Statements.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

Exhibit E

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN NET ASSETS -- CASH BASIS**
As of and for the Year Ended June 30, 2009

	General	Special Revenue HMEP Grant	Total
Receipts:			
County contributions	\$ 144,481	\$ -	\$ 144,481
Federal Grants	-	34,057	34,057
Interest on income	1,471	-	1,471
Incident reimbursements	27,798	-	27,798
Other income	3,186	-	3,186
Total receipts	176,936	34,057	210,993
Disbursements:			
Administration	56,150	-	56,150
Commission-General	7,285	-	7,285
Office expense	7,975	-	7,975
Auto/Truck expense	2,429	-	2,429
Team expense	7,551	-	7,551
Team contract paid to City	42,704	-	42,704
Training expense	-	26,604	26,604
Planning expense	-	12,315	12,315
Team misc. supplies & expense	17,784	-	17,784
Insurance expense	5,936	-	5,936
Total disbursements	147,814	38,919	186,733
Excess (deficiency) of receipts over (under) disbursements	29,122	(4,862)	24,260
Other financing sources (uses):			
Operating transfers in	246	-	246
Operating transfers out	-	(246)	(246)
	246	(246)	-
Excess (deficiency) of receipts over (under) disbursements	29,368	(5,108)	24,260
Cash basis net assets, beginning of year	92,646	(10,214)	82,432
Cash basis net assets, end of year	\$ 122,014	\$ (15,322)	\$ 106,692

**REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa**

Exhibit F

**RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN NET ASSETS -- CASH BASIS
TO THE STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS
Year Ended June 30, 2009**

Excess of receipts over disbursements (page 12)	\$	24,260
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*Amounts reported for governmental activities in the
Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:

Depreciation expense	<u>46,004</u>
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Change in net assets of governmental activities (page 9)	\$	<u>(21,744)</u>
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See Notes to Financial Statements.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

Note 1. Summary of Significant Accounting Policies

Region V Hazardous Materials Response Commission was formed in 1993 by seven counties pursuant to the provisions of Chapter 28E of the Code of Iowa. Two additional counties have since joined. The member counties included on the Commission are, Calhoun, Carroll, Greene, Hamilton, Humboldt, Pocahontas, Sac, Webster and Wright. The purpose of the Commission is to serve as a communicative and coordinating body to plan, foster, implement, monitor, and evaluate the coordination of hazardous materials response efforts among the body membership.

A. Reporting Entity:

For financial reporting purposes, Region V Hazardous Materials Response Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The Commission has no component units, which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation:

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities and Net Assets presents the Commission's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued):

Government-wide Financial Statements (continued) - The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The Commission reports the following major governmental fund:

General Fund:

The General Fund is the general operating fund of the Commission. All general receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Special Revenue Fund represents the activity from the Hazardous Materials Emergency Preparedness Grant (HMEP).

The HMEP Grant Fund is used to account for training and planning expenses related to hazardous materials preparedness and response capabilities.

C. Measurement Focus and Basis of Accounting:

Government-wide Financial Statements:

The Government-wide financial statements and the proprietary fund financial statements are prepared on the modified cash basis of accounting. Under that basis, only the assets, liabilities, fund balances, receipts and disbursements are recognized. The modified cash basis of accounting does not recognize accounts receivable, accounts payable and accrued items. Accordingly, the government-wide financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued):

Government-wide Financial Statements (Continued):

Under the terms of grant agreements, the Commission Funds certain programs by a combination of specific cost reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Fund Financial Statements:

Region V Hazardous Materials Response Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not recognize accounts receivable, accounts payable, and accrued items. Accordingly, the fund financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles.

D. Assets and Net Assets

The following accounting policies are followed in preparing the Statement of Net Assets.

Capital Assets:

Capital assets, which includes equipment, are reported in the applicable governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Commission as assets with an initial, individual cost in excess of \$500 and estimated useful life in excess of two years.

Equipment is recorded at cost less accumulated depreciation. Depreciation of property and equipment is provided over the estimated useful lives of 5 to 7 years on a 200% double declining basis for assets placed in service before July 1, 1999. Assets purchased after July 1 are depreciated over estimated useful lives of 5-10 years on a straight-line basis.

Restricted Net Assets:

In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either extremely imposed by creditor, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 2. Cash

The Commission's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; warrants or improvement certificated of a drainage district.

Note 3. Risk Management

Region V Hazardous Materials Response Commission is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Equipment	\$ 452,688	\$ -	\$ -	\$ 452,688
Less accumulated depreciation for:				
Equipment	338,915	46,004	-	384,919
Total capital assets, net	\$ 113,773	\$ (46,004)	\$ -	\$ 67,769

NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 5. Leases

Region V Hazardous Materials Response Commission leases office equipment under an operating lease that expired June 30, 2009. Lease expense for the year ended June 30, 2009 totaled \$1,280.

Note 6. Deficit Fund Balance

The Special Revenue, HEMP Grant had a deficit balance of \$15,322 at June 30, 2009. The deficit balance was a result of receipts not being received from expense reimbursement request to the state. The deficit will be eliminated upon receipt of reimbursement request.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



SCHNURR & COMPANY, LLP

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Region V Hazardous Materials
Response Commission

We have audited the accompanying financial statements of the governmental activities and each major fund of Region V Hazardous Materials Response Commission as of and for year ended June 30, 2009 and have issued our report thereon dated January 8, 2010. Our report expressed an unqualified opinion on the financial, which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Region V Hazardous Materials Response Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies, including deficiencies we consider to be material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with another comprehensive basis of accounting such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe Item I-A-09 and I-B-09 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region V Hazardous Materials Response Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials of Region V Hazardous Materials Response Commission and other parties to whom the Region V Hazardous Materials Response Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by officials of Region V Hazardous Materials Response Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Schnurr & Company, LLP

Fort Dodge, Iowa
January 8, 2010

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

Schedule of Findings
Year Ended June 30, 2009

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES

- I-A-09 Segregation of Duties – One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. We noted that substantially all aspects of the accounting functions are performed by one person.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – We will investigate available alternatives and implement as soon as possible.

Conclusion – Response accepted.

- I-B-09 Preparation of Financial Statements – Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to the fair presentation of the financial statements in accordance with the cash basis of accounting. The Region V Hazardous Materials Response Commission does not have any internal control system designed to provide for the preparation of financial statements, including the accompanying footnotes required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate this matter to those charged with governance.

As auditors, we were requested to draft the financial statements and accompanying notes to financial statements. The outsourcing of these services is not unusual in an organization of your size.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, in accordance with the cash basis of accounting can be considered costly and ineffective. However, it is the responsibility of the Commission's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the resources to remain current on the reporting requirements and corresponding footnote disclosures would lack benefit in relation costs, but will continue evaluating on a going forward basis.

Conclusion – Response accepted.

Schedule of Findings (Continued)
Year Ended June 30, 2009

Part II: Other Findings Related to Statutory Reporting:

II-A-09 Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.

II-B-09 Deposits and Investments – No instances of non-compliance with deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and Commission's investment policy were noted.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Region V Hazardous Materials Response Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Schnurr & Company, LLP

Fort Dodge, Iowa
January 8, 2010

